

# FISCAL NOTE

**Bill #:** SB0390

**Title:** Work comp attorney fees for  
improperly denied benefits

**Sponsor:** Al Bishop

**Status:** As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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## Fiscal Summary

**FY2000**  
**Difference**

**FY2001**  
**Difference**

**Net Impact on General Fund Balance:** Cannot be determined.

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

## Fiscal Analysis

### ASSUMPTIONS:

#### Department of Labor and Industry

1. There will be an impact on the Uninsured Employers' Fund, but dollar amount of the impact is undeterminable at this time.

#### State Agencies

2. This legislation could result in increased workers' compensation costs to state agencies if the State Fund has to increase their premiums charged to state agencies to cover the additional costs associated with this legislation. Dollar amount of the impact cannot be determined at this time.

#### State Fund

3. This bill impacts workers' compensation carriers in Plan 1, 2, and 3.
4. This bill would require the claimant's attorney fees and court costs to be paid by the State Fund in all cases for which the Workers' Compensation Court decides in favor of the claimant.
5. Current law requires the State Fund to pay the claimant's attorney fees and court costs only when the State Fund is found to be "unreasonable" when denying benefits.
6. From July 1, 1996 through January 31, 1999 the State Fund has had 37 cases decided in the Workers' Compensation Court.
7. Of the 37 cases decided by the Workers' Compensation Court 21 cases were decided in favor of the State Fund and 16 were decided in the favor of the claimant.

(continued)

8. If the insurer prevails in the Workers' Compensation Court, the claimant, under both the current law and proposed law, is not responsible for paying the insurer's attorney fees.
9. The proposed amendment has the potential to increase litigation, and therefore overall workers' compensation system costs, by expanding attorney fees and court costs for workers.
10. Additional costs for this legislation will be included in calculations of future State Fund rate adjustments.

FISCAL IMPACT:

An increase in costs to the state is anticipated, but cannot be determined at this time.

TECHNICAL NOTES:

1. Section 3 providing an effective date and an applicability date should be amended to apply only to claims arising on or after July 1, 1999, rather than "claims filed."